

**Christina School District
Construction Projects**

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

June 30, 2008

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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The Honorable Lillian Lowery
Secretary, Department of Education
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We have performed the procedures enumerated below, which were agreed to by the Christina School District (the School District), the Office of Auditor of Accounts, and the State of Delaware Department of Education on the District's construction projects. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education School Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. The School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed an instance of noncompliance that resulted in finding #08-01 and related recommendations. See Appendix A.

Dr. Freeman Williams
The Honorable Lillian Lowery

3. Determine if expenditures are accurately stated and are made in accordance with the State's Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the local Board of Education.

Our procedures disclosed an instance of noncompliance that resulted in finding #08-02 and related recommendations. See Appendix A.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the current fiscal year. Ensure that completed projects have been appropriately closed out of construction and added to the State's Fixed Asset Accounting System (FAAS).

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Christina School District management and Board Members and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, the Office of the Attorney General, the Office of Management and Budget, the Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

Santa Clara Group

Newark, Delaware
January 26, 2009

Christina School District

Schedule of Findings and Recommendations

Procedure Agreed Upon #2:

Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Finding #08-01:

Criteria

Proper administration of school district construction projects requires the following:

Title 29, Section 507(b) of the Delaware State Code, states "The Office of Management and Budget shall not approve final payment for any construction project until permanent archival-quality copies of the architectural and engineering drawings have been deposited with the Delaware Public Archives", and

Section 2.0, Paragraph 5.4 of the State of Delaware Department of Education School Construction Technical Assistance Manual, states "Local school districts shall submit to the Department of Education a copy of the electronic AutoCAD files. Electronic AutoCAD files shall be submitted no later than 30 calendar days after the completion of any major renovation or an addition to an existing facility".

Condition

During our testing of the aforementioned requirements for Sarah Pyle Elementary School, Jennie Smith Elementary School, Gallaher Elementary School, Christiana High School, Bancroft Elementary School, Kirk Middle School, Jones Elementary School, Brookside Elementary School, Glasgow High School, and McVey Elementary School, we noted that the School District neither deposited the permanent archival-quality copies of the architectural and engineering drawings with the Delaware Public Archives, nor submitted to the Department of Education a copy of the electronic AutoCAD files.

Cause

The School District does not have proper policies in place to ensure that the archival-quality copies of the architectural and engineering drawings have been deposited with the Delaware Public Archives and that the electronic AutoCAD files are submitted within 30 calendar days of project completion.

Effect

Records required to be maintained by the Delaware Public Archives and the Department of Education are incomplete or are not completed in a timely manner.

Recommendation

The School District should archive permanent copies of the architectural and engineering drawings so proper approval may be given for final payment by the Office of Management and Budget. The School District should also submit a copy of the electronic AutoCAD files to the Department of Education no later than 30 calendar days after the completion of any major renovation or an addition to an existing facility.

School District Response:

Christina School District is in agreement that approved copies of documents for the following projects had not yet been filed with the Delaware Public Archives or with the Department of Education at the time of the audit: Jennie Smith Elementary School Renovations and Additions, Sarah Pyle Elementary School Mechanical Renovations, Gallaher Elementary School Renovations, Christiana High School Mechanical Renovations, Kirk Middle School Mechanical Renovations, Bancroft Elementary School Mechanical Renovations, Jones Elementary School Renovations, Glasgow High School Pool Renovations, and Brookside Elementary School Renovations.

Since the audit, the School District has received confirmation of submission of documents for the McVey Elementary School Renovations from the Delaware Public Archives. The School District is working with staff at the Delaware Public Archives on the process of archiving the remaining projects on the list. This process will be completed by March 1, 2009. The School District is also gathering confirmation of submission of electronic documents for these projects to the Department of Education. This process will also be completed by March 1, 2009.

Procedure Agreed Upon #3:

Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the local Board of Education.

Finding #08-02:***Criteria***

The State of Delaware, Division of Accounting has determined that the cost associated with asbestos abatement be expensed in the year incurred, and therefore excluded from a district's Construction Work in Progress (CWIP) and fixed assets.

Condition

The School District capitalized the asbestos abatement costs of MacClary Elementary School, Wilson Elementary School, and Downes Elementary School.

Cause

The School District was unaware that asbestos abatement costs were not capitalizable expenses and should not be added to the School District's CWIP and fixed assets.

Effect

Expenditures that are not capitalizable may be improperly included in CWIP and fixed asset costs included in the State's FAAS.

Recommendation

The School District should exclude the costs of asbestos abatement from CWIP and fixed assets, and expense these costs as incurred.

School District Response:

Christina School District is in agreement that the cost for asbestos abatement should be excluded from CWIP and fixed assets. Future costs incurred for asbestos abatement will be excluded from CWIP and fixed assets. However, based on the timing and immateriality of this finding, the Division of Accounting has instructed the School District not to make adjustments for fiscal year 2008's CWIP schedule.

Christina School District

Schedule of Prior Year Findings

The following schedule summarizes the prior year findings and status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
Finding #07-01	It was recommended that the School District personnel review and revise procedures to ensure that the proper procedures are followed prior to bid advertisement.	School District personnel reviewed and revised procedures to ensure that proper procedures were followed prior to bid advertisement. The documents for the Maclary project were submitted to the Department of Administrative Services for review and were approved. Implemented
Finding #07-02	It was recommended that School District personnel attend Capital Asset Training in May to be presented by the Division of Accounting (DOA). During this training, the DOA will specifically address the topic of payroll within CWIP.	School District personnel attended Capital Asset Training in May, which addressed payroll within CWIP. Per testing and analysis of the expenditures incurred during fiscal year 2008, no payroll costs were included in the CWIP report submitted for fiscal year 2008. This finding has been cleared and will not be carried forward to the fiscal year 2008 report. Implemented
Finding #07-03	It was recommended that School District personnel obtain the detailed adjustments from the DOA, review the adjustments for accuracy, and then properly capitalize the betterments for Glasgow High School and McVey Elementary School.	School District personnel obtained the detailed adjustments from the DOA, reviewed the adjustments, and capitalized the betterments for Glasgow High School and McVey Elementary School. Implemented

Status Key**Implemented**

The concern has been addressed by implementing the original or an alternative corrective action.

Not Implemented

The corrective action has not been initiated.

Partially Implemented

The corrective action has been initiated, but is not complete, and the auditor has reason to believe management fully intends to address the concern.

Christina School District

Schedule of Construction Projects

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current Fiscal Year	Expended Prior Fiscal Years	Total Project Expended to Date	Total Unspent as of 6/30/08
Bancroft Elementary	2004	\$ 559,300	\$ -	\$ 559,300	\$ 27,873	\$ 531,427	\$ 559,300	\$ -
Bancroft Elementary	2005	5,033,300	(920,000)	4,113,300	80,226	4,028,801	4,109,027	4,273
Reconfigure Bayard	2008	6,000,000	-	6,000,000	532,389	-	532,389	5,467,611
Newark High School	2004	731,000	(29,970)	701,030	6,832	667,974	674,806	26,224
Newark High School	2005	6,579,200	745,000	7,324,200	81,929	7,202,795	7,284,724	39,476
Glasgow High School	2004	454,700	(6,735)	447,965	-	447,305	447,305	660
Glasgow High School	2004	682,000	-	682,000	38,270	643,001	681,271	729
Pyle Elementary School	2005	4,015,700	(1,000,000)	3,015,700	263,173	2,602,875	2,866,048	149,652
Brookside Elementary	2003	474,700	-	474,700	2,871	471,829	474,700	-
Brookside Elementary	2004	5,905,200	(200,000)	5,705,200	6,551	5,698,148	5,704,699	501
West Park Elementary	2003	514,300	(1,066)	513,234	-	513,234	513,234	-
West Park Elementary	2004	6,421,700	(279,816)	6,141,884	-	6,141,884	6,141,884	-
Kirk Middle School	2003	439,500	(584)	438,916	-	438,916	438,916	-
Kirk Middle School	2004	5,468,200	(8,861)	5,459,339	41,940	5,417,399	5,459,339	-
Pulaski Elementary	2003	275,300	-	275,300	-	275,300	275,300	-
Pulaski Elementary	2004	3,424,300	(882,953)	2,541,347	-	2,541,347	2,541,347	-
Palmer Elementary	2003	158,700	(5,875)	152,825	-	152,825	152,825	-
Palmer Elementary	2004	1,974,200	583,801	2,558,001	-	2,558,001	2,558,001	-

Christina School District

Schedule of Construction Projects (Continued)

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current Fiscal Year	Expended Prior Fiscal Years	Total Project Expended to Date	Total Unspent as of 6/30/08
Porter Road Land	2003	\$ 927,000	\$ -	\$ 927,000	\$ -	\$ 927,000	\$ 927,000	\$ -
Porter Road Elementary	2003	1,107,300	-	1,107,300	138,564	910,335	1,048,899	58,401
Porter Road Elementary	2005	3,751,700	-	3,751,700	198,711	1,258,540	1,457,251	2,294,449
Porter Road Land	2005	1,974,100	-	1,974,100	489,428	945,679	1,435,107	538,993
Porter Road Elementary	2006	8,049,800	1,150,000	9,199,800	2,015,321	2,110,328	4,125,649	5,074,151
Porter Road Elementary	2007	604,859	-	604,859	-	-	-	604,859
Porter Road Elementary	2008	5,995,862	-	5,995,862	51,637	-	51,637	5,944,225
Astro Middle Land	2003	1,442,000	-	1,442,000	-	1,442,000	1,442,000	-
Astro Middle School	2004	1,892,800	-	1,892,800	-	1,892,800	1,892,800	-
Astro Middle School	2005	5,516,700	-	5,516,700	-	5,516,700	5,516,700	-
Astro Middle School	2006	13,881,500	(389,718)	13,491,782	277,394	13,006,514	13,283,908	207,874
Jones Elementary	2003	472,700	(63)	472,637	-	472,637	472,637	-
Jones Elementary	2004	5,879,800	484,094	6,363,894	1,150	6,362,744	6,363,894	-
Smith Elementary	2004	938,000	(14,066)	923,934	510	921,741	922,251	1,683
Smith Elementary	2005	8,441,500	275,580	8,717,080	185,657	8,528,518	8,714,175	2,905
Gallagher Elementary	2004	673,800	-	673,800	-	673,800	673,800	-
Gallagher Elementary	2005	6,064,500	321,600	6,386,100	4,014	6,376,674	6,380,688	5,412
McVey Elementary	2004	723,000	-	723,000	20,388	692,679	713,067	9,933
McVey Elementary	2005	6,506,700	70,000	6,576,700	191,753	6,383,876	6,575,629	1,071
Maclary ES/ILC	2005	790,000	-	790,000	166,720	592,402	759,122	30,878
Maclary ES/ILC	2006	7,109,300	(50,000)	7,059,300	1,775,016	4,087,241	5,862,257	1,197,043

Christina School District

Schedule of Construction Projects (Continued)

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current Fiscal Year	Expended Prior Fiscal Years	Total Project Expended to Date	Total Unspent as of 6/30/08
Autism Program	2004	\$ 2,316,500	\$ -	\$ 2,316,500	\$ -	\$ 2,312,937	\$ 2,312,937	\$ 3,563
Autism Program	2005	665,000	-	665,000	38,634	612,874	651,508	13,492
Wilson Elementary	2005	737,500	-	737,500	73,712	610,450	684,162	53,338
Wilson Elementary	2006	6,638,200	(70,000)	6,568,200	4,328,977	126,296	4,455,273	2,112,927
Downes Elementary	2005	736,200	-	736,200	106,551	612,716	719,267	16,933
Downes Elementary	2006	6,625,100	(70,000)	6,555,100	4,276,961	20,954	4,297,915	2,257,185
Christiana High	2005	1,028,700	-	1,028,700	201,086	686,171	887,257	141,443
Christiana High	2006	9,258,200	309,268	9,567,468	6,276,160	975,173	7,251,333	2,316,135
Sterck Expansion	2006	2,700,000	-	2,700,000	259,898	581,089	840,987	1,859,013
Sterck Expansion	2007	8,000,000	-	8,000,000	1,471,220	1,382,859	2,854,079	5,145,921
Sterck Expansion	2008	10,000,000	(3,600,000)	6,400,000	-	-	-	6,400,000
Total		\$ 180,559,621	\$ (3,590,364)	\$ 176,969,257	23,631,516	\$ 111,356,788	\$ 134,988,304	\$ 41,980,953
Portable Classrooms								
APP #7319	2003				\$ 66,317			
APP #7423	2004				676,038			
APP #7523	2006				742,355			
Total fiscal year additions per DFMS					\$ 24,373,871			

Distribution of Report

Copies of the Christina School District's Agreed-Upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Jack A. Markell, Governor, State of Delaware
The Honorable Gary M. Pfeiffer, Secretary, Department of Finance
The Honorable Ann S. Visalli, Director, Office of Management and Budget
The Honorable Lillian M. Lowery, Secretary, Department of Education
Ms. Dorcell Spence, Associate Secretary, Finance and Administrative Services,
Department of Education
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General
The Honorable Velda Jones-Potter, Treasurer, State Treasurer's Office

Other

James Durr, President, Board of Education, Christina School District
John Mackenzie, Ph. D., Vice President, Board of Education, Christina School District
Gina Backus, Board of Education, Christina School District
George E. Evans, Esq., Board of Education, Christina School District
Beverly Howell, Board of Education, Christina School District
David Resler, Board of Education, Christina School District
Shirley Saffer, Board of Education, Christina School District
Freeman Williams, Ed. D., Interim Superintendent, Christina School District
Robert Silber, Assistant Superintendent and Chief Financial Officer
Denise Glover, Supervisor, Financial Services, Christina School District
Kelli W. Racca, Supervisor, Facility Management, Christina School District
Nicholas Vacirca, Specialist, Capital Projects, Christina School District